

# WEEKLY YIELD

## Update of Equity & Debt Market

March 10, 2023

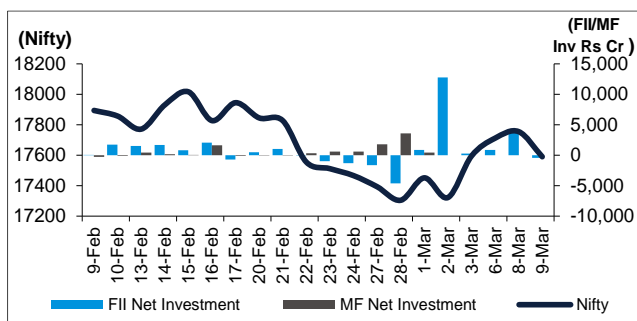


### DOMESTIC EQUITY

- Indian equity indices ended lower this week after the US Federal Reserve (Fed) Chair Jerome Powell hinted at higher-than-expected rate hikes at his congressional testimony citing strong US economic data. S&P BSE Sensex and Nifty 50 fell ~1% each.
- Caution ahead of the release of US non-farm payrolls data also weighed on the market.
- Most sectors ended in the negative with realty, banking and consumer durables declining the most. S&P BSE Realty, S&P BSE Bankex and S&P BSE Consumer durables fell 3.4%, 1.9%, and 0.8%, respectively.
- However, some losses were trimmed after an investment by a US-based asset management firm in an Indian conglomerate last week continued to buoy investor sentiment.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-1.13	-4.90	6.62
Nifty 50	-1.03	-5.86	4.93
S&P BSE Midcap	0.09	-5.66	6.08
S&P BSE Smallcap	0.38	-5.43	3.92
S&P BSE Bankex	-1.88	-7.80	16.04
S&P BSE CG	0.38	-0.54	28.29
S&P BSE FMCG	0.11	-2.24	25.44
S&P BSE IT	-0.79	-0.14	-16.49
S&P BSE Healthcare	-0.28	-7.48	-8.34

Source: BSE, NSE



Source: SEBI, NSE



### GLOBAL EQUITY

- US stocks plunged this week after the Fed Chair Jerome Powell hinted at an aggressive rate hike owing to strong incoming economic data.
- Further, an intermittent rise in US treasury yields and caution ahead of non-farm payroll reports also kept markets under stress.
- Britain's FTSE closed 0.84% lower on prospects of rate hikes by the US Fed and owing to a decline in mining shares.
- Further losses were prevented on account of weakness in the pound.
- Asian equities ended mostly lower. Japan's Nikkei closed higher 0.78% as a decline in yen boosted exporters' shares and as relaxation of border restrictions with China lifted the tourism sector.
- Hong Kong's Hang Seng fell 6% after slower-than-expected inflation and weaker-than-expected trade data from China raised concerns over the country's economic recovery and after Jerome Powell cautioned about higher-than-expected rate hikes in the US.
- China's Shanghai Composite slid 3% as investors worried over the country's economic recovery following slowing inflation and weaker-than-expected trade data, tensions brewing between the US and China and the Fed's hawkish stance.



### DOMESTIC DEBT

Indicators	Mar 10, 2023	Previous Week	Trend
Call Rate	6.20%	5.80%	↑
3 M CP	7.75%	7.95%	↓
1 Yr CP	8.14%	8.19%	↓
3 M CD	7.53%	7.67%	↓
1 Yr CD	7.83%	7.86%	↓
5 Yr AAA	7.78%	7.77%	↑
1 Yr G-Sec*	7.36%	7.32%	↑
5 Yr G-Sec*	7.39%	7.40%	↓
10 Yr G-Sec*	7.43%	7.42%	↑
USD/INR*	82.05	81.96	↑

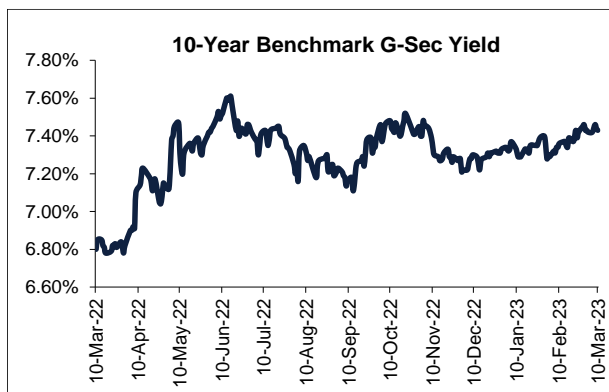
Source: CRISIL Fixed Income Database, RBI \*Weighted Average Yield

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- Government bond prices ended almost flat in the week ended March 10, 2023. The yield of the 10-year benchmark 7.26% 2032 paper closed at 7.43% on March 10, 2023, compared with 7.42% on March 3, 2023.
- Yield rose marginally earlier in the week mirroring elevated US treasury yields as hawkish comments from Fed Chair Jerome Powell fuelled worries over an aggressive policy stance by the central bank.
- However, a further fall in bond prices was capped amid weak appetite for riskier assets following a sell-off in equity.



Source: CRISIL Fixed Income Database

### GLOBAL DEBT

- US Treasury prices ended higher in the week as downbeat labour market data raised hopes that the Fed may refrain from an aggressive policy stance in the future.
- However, earlier in the week, bond prices declined sharply after the Fed Chair Jerome Powell at his testimony to the US Congress hinted at a further spike in policy rates.
- He said that the Fed is prepared to increase the pace of rate hikes, if the totality of the data were to indicate that faster tightening is warranted. He also noted that the latest economic data has come in stronger than expected, which suggests that the ultimate level of interest rates is likely to be higher than previously anticipated.

- Yield of the 10-year benchmark Treasury bond ended at 3.93% on March 09, 2023, compared with 3.96% on March 03, 2023.



### DOMESTIC NEWS

- India's industrial production rose 5.2% on-year in January 2023 compared with 4.3% in December 2022, while manufacturing production increased 3.7% on-year in January 2023 from 2.6% in the previous month.
- Commerce and Industry Minister Piyush Goyal said India's goods and services exports are expected to cross \$750 billion this fiscal.
- India and the World Bank inked two complementary loans of \$500 million each to support and boost the country's healthcare infrastructure.
- Government surpassed the Rs 50000 crore mark in dividend receipts from central public sector enterprises (CPSEs) for the second consecutive year.
- Government said anti-money laundering legislation has been applied to crypto trading, safekeeping and related financial services.
- Prime Minister (PM) Narendra Modi urged India Inc to increase investment in tandem with the government's decision to raise capital expenditure and take advantage of the opportunities unveiled in the Budget 2023-24.
- The finance ministry has started daily monitoring of the revenue receipts and expenditure beginning March 1, with an aim to keep fiscal deficit in check during the current fiscal.
- Reserve Bank of India (RBI) governor Shaktikanta Das launched a mission "Har Payment Digital" with an aim of making every citizen a user of digital payments as part of Digital Payments Awareness Week (DPAW) 2023.
- RBI governor said since India and Singaporean unified payments interface (UPI) linkage, many

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countries have expressed keen interest in entering such collaboration on the payments front.

- RBI governor said payments through UPI grew in the past 12 months with daily transactions crossing 36 crore, which is up 50% from 24 crore in February 2023.
- Securities and Exchange Board of India (SEBI) issued framework for the adoption of cloud services by stock exchanges, clearing corporations and other regulated entities.
- SEBI put restrictions on the placement of bids, price and volume for the companies undertaking share buyback via the stock exchange route.
- SEBI asked investors to link their permanent account number (PAN) with Aadhaar number by March 31, 2023 for continual and smooth transactions in the securities market.



### GLOBAL NEWS

- The Fed Chair Jerome Powell at his testimony to the US Congress said that the Fed is prepared to increase the pace of rate hikes, if the totality of the data were to indicate that faster tightening is warranted. He also noted that the latest economic data have come in stronger than expected, which suggests that the ultimate level of interest rates is likely to be higher than previously anticipated.
- US non-farm payrolls for February 2023 came in at 311,000 compared to revised 504,000 in January 2023. The unemployment rate rose to 3.6% in February 2023 from 3.4% in January 2023.
- US Automatic Data Procession Inc. (ADP) employment report showed that private employment rose by 242,000 jobs in February 2023 compared to revised 119,000 in January 2023.
- US trade deficit increased to \$68.3 billion in January 2023 from revised \$67.2 billion deficit in December 2022.
- US Standard & Poor's (S&P) Global services purchasing manager's index (PMI) rose to 50.6 in

February 2023 from 46.8 in January 2023 while the composite PMI rose to 50.1 in February 2023 from 46.8 in the previous month.

- Eurozone economy expanded 1.8% on-year in the fourth quarter of 2022, compared to an upwardly revised 2.4% growth in the third quarter.
- Eurozone retail sales fell 2.3% on-year in January 2023 from a 2.8% decline in December 2022.
- UK economy remained flat on-year in January 2023 compared to a -0.1% contraction in December 2022.
- UK industrial production fell 4.3% on-year in January 2023 from a 4% decline in December 2022.
- UK trade deficit narrowed to £5.86 bn in January 2023, down from £7.15 bn in the prior month.
- China's annual inflation eased to 1.0% in February 2023 from 2.1% in January 2023 and the producer prices declined 1.4% on-year in February 2023 after a 0.8% decline in the previous month.
- China's trade surplus increased to \$116.88 billion in January-February 2023 compared to \$109.54 billion in the year ago period.
- Japan economy grew by 0.1% on an annualised basis during fourth quarter of 2022 after a revised 1.1% contraction in the previous period.
- Japan posted a current account deficit at 1976.6 billion yen in January 2023 from a surplus of 33.4 billion yen in December 2023.
- The Bank of Japan (BoJ) kept its key short-term interest rate unchanged at -0.1% and that for 10-year bond yields around 0% during its March 2023 meeting by a unanimous vote.
- Japan's producer prices increased 8.2% on-year in February 2023, slowing from a 9.5% rise in the prior month.

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DAY	
Monday, Mar 13, 2023	<ul style="list-style-type: none"> <li>• US Consumer Inflation Expectations, February 2023</li> <li>• Japan BSI Large Manufacturing QoQ, Q1 2022</li> <li>• India Consumer Price, February 2023</li> </ul>
Tuesday, Mar 14, 2023	<ul style="list-style-type: none"> <li>• US Core Inflation, February 2023</li> <li>• UK Unemployment Rate, January 2023</li> <li>• India WPI Inflation, February 2023</li> <li>• India Trade Balance, February 2023</li> </ul>
Wednesday, Mar 15, 2023	<ul style="list-style-type: none"> <li>• US Producer Prices, February 2023</li> <li>• US Retail Sales, February 2023</li> <li>• US NY Empire State Manufacturing Index, March 2023</li> <li>• US NAHB Housing Market Index, March 2023</li> <li>• Eurozone Industrial/Manufacturing Production, January 2023</li> <li>• China Industrial Production YoY, Jan-Feb 2023</li> <li>• China Retail Sales, Jan-Feb 2023</li> <li>• China Unemployment Rate, February 2023</li> <li>• Japan BoJ Monetary Policy Meeting Minutes</li> </ul>
Thursday, Mar 16, 2023	<ul style="list-style-type: none"> <li>• US Philadelphia Fed Manufacturing Index, March 2023</li> <li>• US Housing Starts, February 2023 2023</li> <li>• US Building Permits Preliminary, February 2023</li> <li>• US Export/Import Prices, February 2023</li> <li>• US Initial Jobless Claims, March 11, 2023</li> <li>• Eurozone ECB Interest Rate Decision</li> <li>• China House Price Index, February 2023</li> <li>• Japan Industrial Production, January 2023</li> <li>• Japan Trade Balance, February 2023</li> <li>• Japan Machinery Orders, January 2023</li> </ul>
Friday, Mar 17, 2023	<ul style="list-style-type: none"> <li>• US Michigan Consumer Sentiment Preliminary, March 2023</li> <li>• US Industrial/Manufacturing Production, February 2023</li> <li>• US CB Leading Index, February 2023</li> <li>• Eurozone Consumer Prices, February 2023</li> <li>• Eurozone Trade Balance, January 2023</li> <li>• Japan Tertiary Industry Index, January 2023</li> </ul>



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Source: CRISIL

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